

DSM
BRIGHT SCIENCE. BRIGHTER LIVING.

Creating value with Martek in DSM

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Capital Markets Days 2011

HEALTH · NUTRITION · MATERIALS

Leader in microbially-derived Omega-3/Omega-6



Omega-3

- Produced from algae, a microbial source of docosahexaenoic acid (DHA)
- Long-chain polyunsaturated Omega-3 fatty acid (PUFA), important for brain, eye and heart health throughout the lifecycle
- Applications include infant formulas, dietary supplements, products for pregnant and nursing women, food and beverages, and animal nutrition and health



Omega-6

- Long-chain polyunsaturated Omega-6 fatty acid produced from fungus
- Naturally found in breast milk, important for proper infant brain development and physical growth

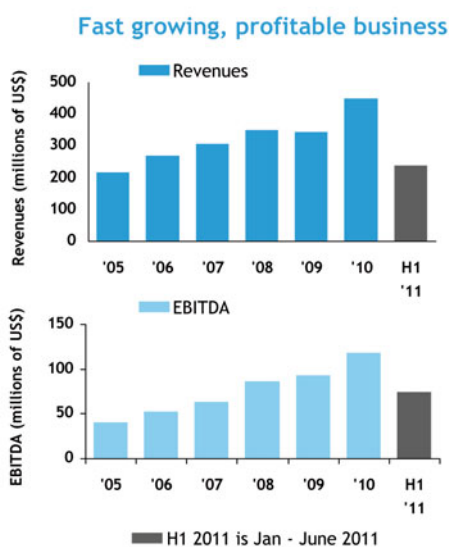


- DSM, having acquired Martek, is now the world's leading manufacturer of microbially-produced DHA and ARA.
- DHA and ARA are two fatty acids that are important for proper infant nutrition due to their role in brain and eye development.
- DHA and ARA are always in breast milk, but were not widely available in infant formulas until DSM/Martek found ways to economically produce these two fatty acids.
- DHA is also important for proper brain, eye and heart health throughout life, but most people, unless they eat sufficient amounts of fish, do not get adequate amounts of DHA through their normal dietary intake. This creates a market for DHA supplements and foods fortified with DHA either from fish oil or algae.
- DSM's DHA from algae, though more costly than fish oils, has several advantages including that it is sustainably produced, is appropriate for vegetarian diets and is, in many cases, more easily formulated into foods and beverages than fish oils.

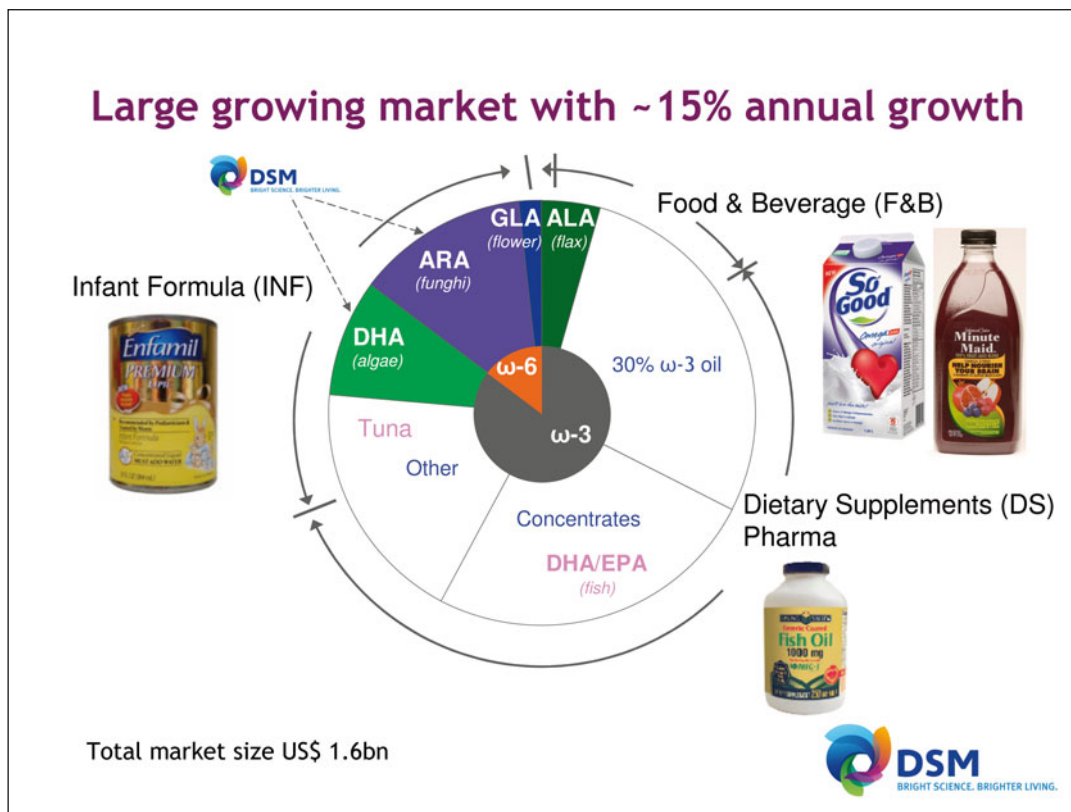
Martek has a fast growth track record

Geared for growth

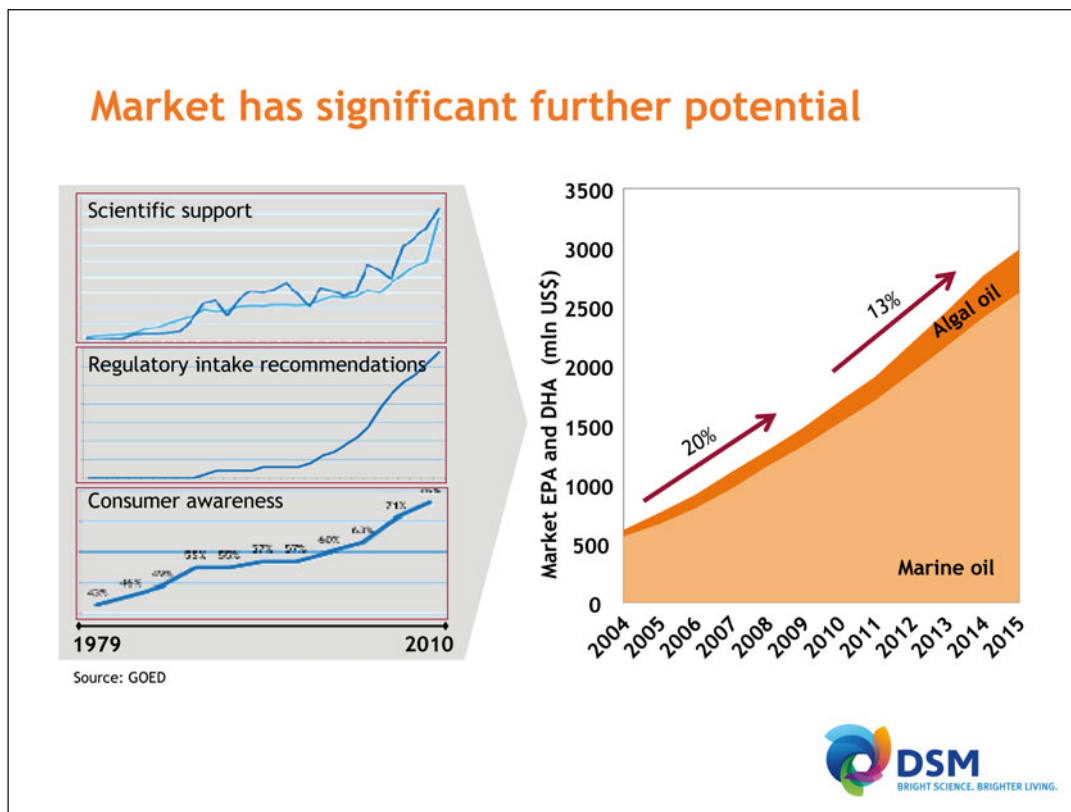
- The global leader in microbial DHA and ARA for infant formula
- Powerful technology platform and research engine
- Growing branded DHA ingredient business beyond infant formula
- Growing branded consumer health products platform, i-Health (formerly Amerifit)
- Robust near and long-term technology pipeline



- Martek has been growing rapidly over the past few years as its business has expanded beyond providing DHA and ARA for infant formula. Products now include DHA for supplements, foods & beverages and animal feeds. The purchase of Amerifit (now i-Health) in 2010 added B2C products to Martek's portfolio. These products now include the recently launched Brainstrong™ line of DHA supplements and Ovega-3™, the world's first DHA/EPA supplements that come from algae and not fish.
- Martek has also developed a technology platform that is very synergistic with DSM's R&D programs.
- These growth initiatives have resulted in the annual sales and EBITDA growth shown in the charts. The year 2011 is off to a good start and it is expected that 2011 sales and EBITDA will exceed 2010 levels.



- The primary sources for the important long-chain Omega-3 lipids (DHA and EPA) are fish, fish oil and algae oils. Fish do not naturally form EPA and DHA. They get it from their diets. Farm-raised fish must be fed a diet that includes fish meal, fish oil or a DHA/EPA rich source of algae to have levels of DHA & EPA found in fish that are not farm raised.
- Algal oil sources of DHA and EPA today are primarily used for certain high-value applications such as infant formulas, foods and beverages where formulating with fish oils may be a problem, supplements for pregnant and nursing women, supplements and foods for vegetarians, and by companies that are concerned about the sustainability of fish-derived sources of DHA and EPA.



- The market for Omega-3 and Omega-6 lipids is large and growing. Recent studies have confirmed that shorter-chain PUFAs are not as cardio-protective as DHA & EPA.
- The overall market for fish oils is still significantly larger than that for algal oils due to the lower pricing for fish oils.

Infant formula / growing-up milk growth drivers

Global market drivers

- Higher DHA/ARA inclusion rates in infant formula
- Improving fundamentals in emerging markets
- Increased penetration of premium products in high growth economies
- Significant growth opportunity in growing-up milks
- Long-term sole-source agreements with most major players in infant nutrition
- Rising consumer awareness of clinical benefits

Europe

- DHA formulas supported by EFSA ruling
- Label regulations require at least 1:1 ARA to DHA when DHA is added
- Increasing penetration

Asia

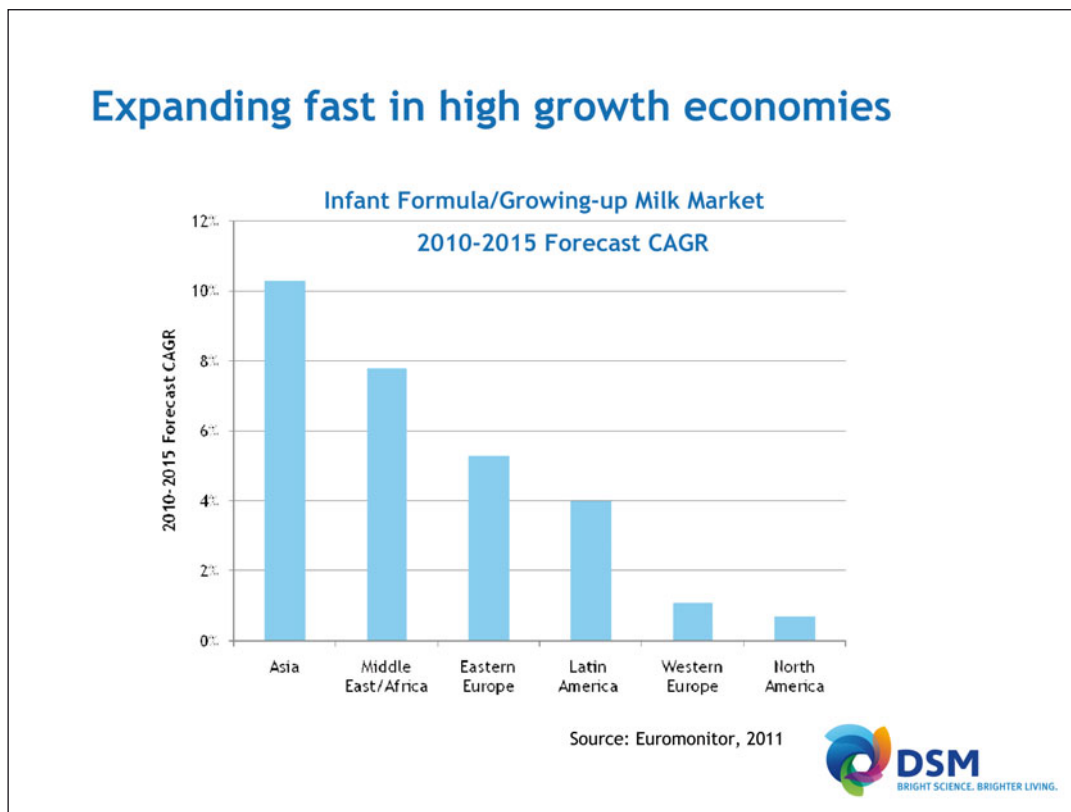
- Increasingly wealthy populations
- Urbanization
- Consumer demand for Western products
- Vegetarian solution for Indian market

Americas

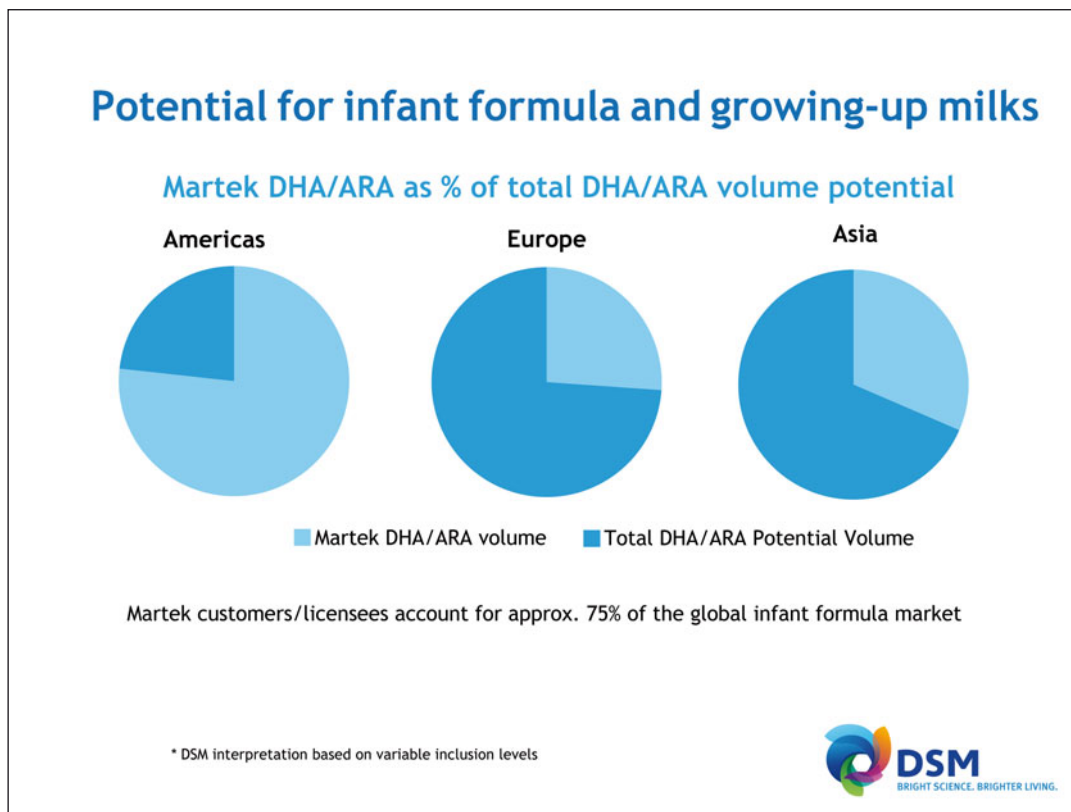
- United States is fully penetrated - birth rate expected to rebound
- Central and South American markets largely underdeveloped
- Multinational companies targeting growth in Latin America



- The global market for DHA and ARA in infant formulas is still growing despite full penetration of the US market and a declining US birth rate over the last three years. US birth rates returning to normal in the future could present an opportunity for growth.
- Growth is coming from growth in high growth economies due to a growing middle class and more women entering the workforce in these markets as well as from markets with lower levels of penetration in Europe, and Latin and South America.
- In addition, growing-up milks (for infants over 12 months of age) have low levels of penetration, presenting an opportunity for future growth.
- Growth is also being driven by the science which supports higher inclusion levels than currently exist in some products as well as increasing consumer awareness of the importance of DHA and ARA for infant nutrition.

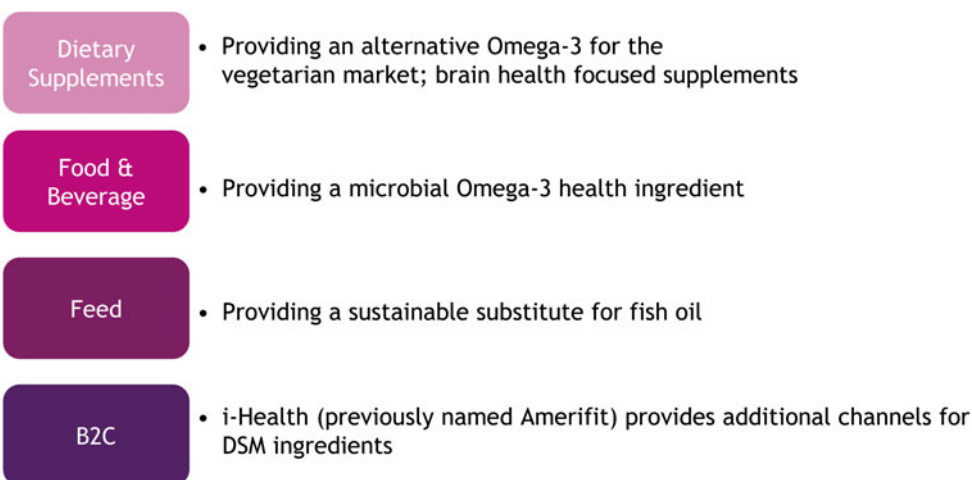


- This chart illustrates more completely those parts of the world that have driven market growth over the past few years and going forward.

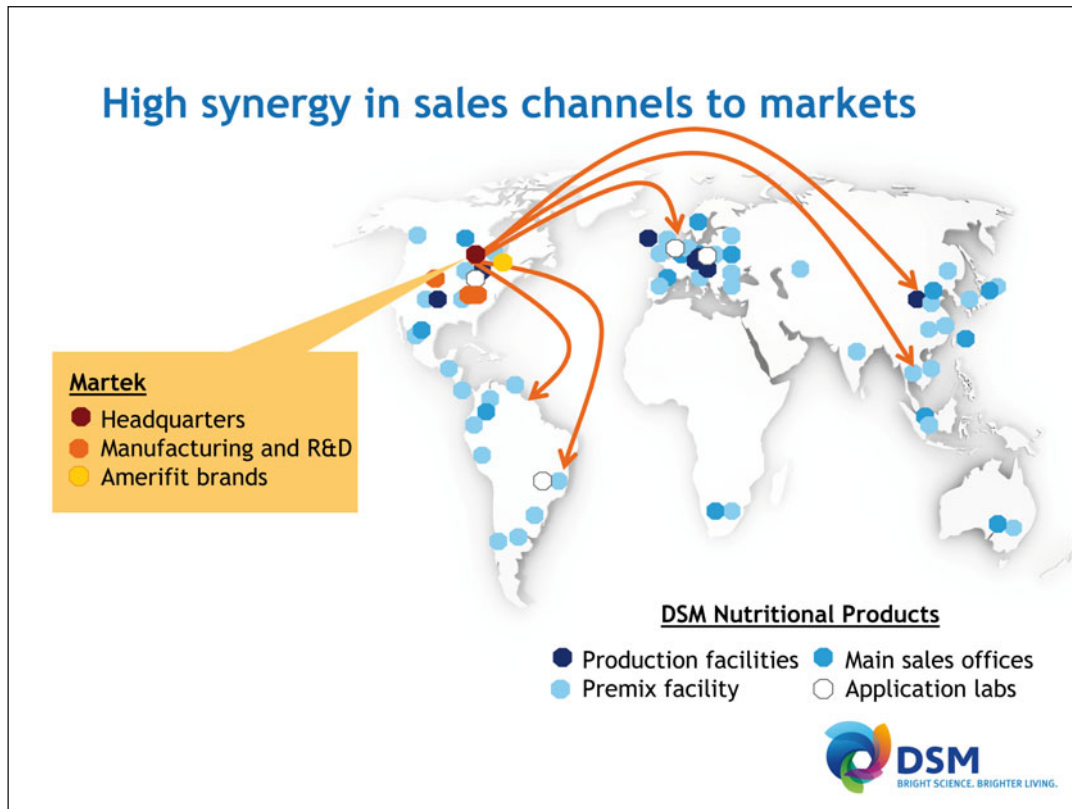


- These charts further illustrate the areas of the world presenting the greatest opportunity for growth. The combination of Martek with DSM, with DSM's global footprint, greatly enhances our ability to reach underserved parts of the world.

Additional growth of PUFAs in other markets



- Growth of DHA sales outside of infant formula have been strong despite a weak economy and are expected to grow even faster now that DSM's international sales force has been trained to sell algal-derived DHA. The first sales from DSM's international sales force have already been registered.
- Each of the market segments outside of infant formula has its own dynamics. In Dietary Supplements the ability to make claims is important to grow the market. The recent EU claims granted by EFSA for DHA and DHA/EPA will enable that. For the Food & Beverage segment the ability to serve the need for more forms and formulations is important, as well as the support to customers to position novel food ingredients. Cost effectiveness and supporting clinical studies are key elements to be addressed in the feed market. DSM is in an excellent position to address all these different dynamics with its extensive global network, its vast innovation capabilities and the deeply rooted know-how of these segments.
- Leading companies from around the world use DSM's DHA oils in a variety of well known consumer brands. Examples include: Coca-Cola, Dean Foods, Abbott, Smuckers, COFCO, Parmalat, Ernest Jackson(Kraft), Bayer, Laboratorios Thea, Fonterra, Marlow Foods, Ragasa, Bimbo Bakeries, Mengniu, CVS, Walmart & Walgreens.



- This map illustrates the global footprint we can now draw upon to sell more DHA & ARA.

More than 100 million USD sales through B2C

i-Health (formerly Amerifit)

- A leader in branded consumer health products
- Fast channel-to-market for new innovative products
- Growing product portfolio of leading branded consumer health products with broad US distribution throughout food, drug, and mass channels

DHA supplements for various lifestyles

Brainstrong

AZO
#1 OTC Urinary Tract Infection diagnosis, prevention and treatment supplement

Culturelle
#1 probiotic supplement

i-cool
a new menopause relief supplement

Natural, effective and fast acting joint health dietary supplement

i-flex

Supplement to manage appetite and moderate food intake

SlimShots

First to market vegetarian EPA+DHA

Omega-3

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- Amerifit, now i-Health, was selling three primary product lines (all in the US) when acquired by Martek in early 2010: AZO, the leading US over-the-counter UTI pain reliever, Culturelle, the leading US probiotic supplement and Estroven, the leading US natural menopause relief supplement. When acquired, Amerifit's annual sales totaled approximately US dollar 80 million. This past summer, Brainstrong™ and Ovega-3™ were added to i-Health's product lines. Brainstrong™ can already be found on the shelves at over 30,000 outlets in the US and initial sales are encouraging. Ovega-3™ is initially being launched in the natural channel in the US With the growth in the original three product lines plus the addition of Brainstrong™ and Ovega-3™, annual i-Health sales have grown to approximately US dollar 100 million.
- The DSM products i-Flex® (joint health), i-Cool™ (menopause relief) and SlimShots™ (satiety) have now also been added to the i-Health product portfolio.
- Future growth will be generated from growth in the existing product lines, from the ability to launch certain new DSM products directly to the consumer and through international growth opportunities.

Quality, reliability, strong brand and IP create high entry barriers


Certain Martek base patents expiring 2012 through 2014, but substantial entry barriers still exist:


- Significant DSM/Martek patents still exist - some through 2020
- More than 15 years experience in producing safe, high-quality DHA and ARA
- DSM is the trusted, reliable supplier of ARA/DHA - especially important in the quality conscious, food safety oriented infant formula market serving its highly sensitive consumers
- DSM has a substantial dossier of worldwide regulatory approvals
- Most efficacy studies with microbially produced ARA & DHA were done with DSM-produced oils
- DSM has substantial production capacity
- Proprietary strains, knowledge and trade secrets developed over time
- Strong, quality brands
- Long-term contract with key customers
- DSM is the leading DHA and ARA innovator - new strains, new processes, new applied for IP





- Continuing patents cover certain compositions of DHA and ARA oils (expiring 2017 and 2023 where granted), methods of incorporating PUFAs into infant formula (expiring 2017 where granted) and certain processes (expiring 2017 and 2021 where granted).
- In addition, a number of patents have been applied for that, if granted, would provide coverage for a second generation DHA product, new processes that result in higher quality/lower cost oils, the new DHA/EPA product and process, and certain DHA ingredient forms and product applications.
- DSM has sole-source supply agreements with customers comprising approximately 75% of its current infant formula revenues. These sole-source arrangements include supply agreements with Mead Johnson Nutritionals, Pfizer, Danone and Abbott Nutrition, which extend at least through calendar 2015, 2015, 2014 and 2016, respectively.

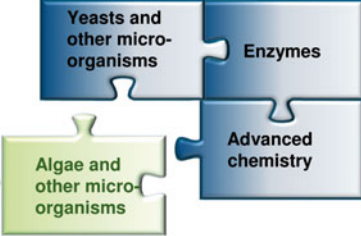
Further growth opportunities through innovation






	Project	Description	Commercialization
Near term	Midas Study	Improved cognitive function in healthy adults	On market
	Microbial EPA/DHA	Algal EPA+DHA oil similar to higher quality fish oils	On market
	DHA Combination Products/ Amerifit line extensions	Nutritional Supplements with DHA + other ingredients	On market
	Next Generation IF DHA	Lower cost algal DHA oil for infant formula	2013-2014

	Project	Description	Partner
Longer term	Microbial Biofuels	Conversion of sugar into biodiesel through fermentation	
	Seed oil DHA	Oilseed-based production system for DHA	
	High Purity DHA	90+% pure DHA product for therapeutic applications	TBD



Complementing of our biotechnology platforms



- Martek's algal biotechnology platform is a great fit for DSM and provides DSM with new expertise in a set of micro-organisms already proven to have commercial value. Algae contain fats, carbohydrates and proteins of commercial interest and have the potential to be a sustainable source of nutrition, fuels and industrial biotechnology products.

Conclusions

- Integration of Martek is running smoothly
- Excellent business performance
- Growing business in a growing market
- Leveraging the core of Nutrition:
 - Using DSM's global reach to expand infant formula into other regions
 - Broadening Martek's offering to other markets
 - Adding a strong position in the highly attractive infant formula segment to DSM
- Martek (renamed to DSM Nutritional Lipids) is a great strategic fit in DSM





DISCLAIMER

This document may contain forward-looking statements with respect to DSM's future(financial) performance and position. Such statements are based on current expectations, estimates and projections of DSM and information currently available to the company.

Examples of forward-looking statements include statements made or implied about the company's strategy, estimates of sales growth, financial results, cost savings and future developments in its existing business as well as the impact of future acquisitions, and the company's financial position. These statements can be management estimates based on information provided by specialized agencies or advisors.

DSM cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause the company's actual performance and position to differ materially from these statements.

These factors include, but are not limited to, macro-economic, market and business trends and conditions, (low-cost) competition, legal claims, the ability to protect intellectual property, changes in legislation, changes in exchange and interest rates, changes in tax rates, pension costs, raw material and energy prices, employee costs, the implementation of the company's strategy, the company's ability to identify and complete acquisitions and to successfully integrate acquired companies, the company's ability to realize planned disposals, savings, restructuring or benefits, the company's ability to identify, develop and successfully commercialize new products, markets or technologies, economic and/or political changes and other developments in countries and markets in which DSM operates.

As a result, DSM's actual future performance, position and/or financial results may differ materially from the plans, goals and expectations set forth in such forward-looking statements.

DSM has no obligation to update the statements contained in this document, unless required by law. The English language version of this document is leading.

A more comprehensive discussion of the risk factors affecting DSM's business can be found in the company's latest Annual Report, a copy of which can be found on the company's corporate website, www.dsm.com

Abbreviation	Explanation	Abbreviation	Explanation
6-APA	6-amino-penicillanic acid	EU	European Union
AGI	AGI Corporation Taiwan	F&B	Food & Beverage
AMEA	Association of Machinery and Equipment Appraisers	FD	Finished dosage / final dose
ANH	Animal Nutrition & Health	FDA	Food and Drugs Administration
API	Active pharmaceutical ingredients	GBP	Pound Sterling
AR	Anti-reflective	GDP	Gross Domestic Product
ARA	Arachidonic Acid	GHG	Greenhouse Gas
B&C	Building and Construction	GUR	Global Utilization Rate
B2	Vitamin B2	HGE	High Growth Economies
B2C	Business-to-Consumer	HMDA	Healthcare distribution management association
B6	Vitamin B6	HQ	Headquarters
BCM	Billion Cubic Meter	IFRS	International Financial Reporting Standards
BF	Bio-Fuel	INF	Infant Formular
BMM	Biomedical Material	JPY	Japanese Yen
bn	billion	JV	Joint Venture
BP&S	Bio-based Products & Services	KA	KuibyshevAzot OJSC
C/E	Central / East	KGA	Ketoglutaric Acid
CAGR	Compound Annual Growth Rate	kt	kiloton
CAPEX	Capital Expenditures	LATAM	Latin America
CEO	Chief Executive Officer	LCD	Liquid crystal display
CFO	Chief Financial Officer	m	million
CH4	Methane	M&A	Merger & Acquisitions
CHF	Swiss franc	MB	Managing Board
CHP	Combined heat and power	NGO	Non-governmental organization
CIO	Chief Innovation Officer	OEM	Original equipment manufacturer
CIS	Commonwealth of Independent States	OWC	Operating Working Capital
CMD	Capital Markets Days	P&L	Profit and Loss
CMO	Contract Manufacturing Outsourcing	p/a	per annum
CRM	Customer Relationship Management	PA6	Polyamide 6
CTO	Chief Technology Officer	PEN	Penicillin
DA	Depreciation and amortization	PI	Polymer Intermediates
DAI	DSM Anti-Infectives	PM	Performance Materials
DBM	DSM BioMedical	PTG	The Polymer Technology Group
DBPS	DSM Bio-based Products & Services	PUFA	Polyunsaturated fatty acids
DD	DSM Dyneema	R&D	Research and Development
DEP	DSM Engineering Plastics	ROCE	Return on Capital Employed
DEP	DSM Engineering Plastics	SSC	Shared Service Center
DHA	Docosahexaenoic acid	SSP	Supplies Service Partner
DPP	DSM Pharmaceutical Products	UD	Unidirectional
DS	Dietary Supplements	UHMwPE	Ultra-High Molecular Weight Polyethylene
DSP	DSM Sinochem Pharmaceuticals	UOR	Urgent Operational Requests
E&E	Electrical & Electronic Industry	US	United States (of America)
EBA	Emerging Business Area	US\$	United States dollar
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	USA	United States of America
ECO+	The Greenhouse Dialogue	USD	United States dollar
EFSA	European Food and Safety	UV	Ultra Violet
EP	Engineering plastics	VA	Vitamin A
EPA	Environmental Protection Agency	VE	Vitamin E
EPS	Earnings per Share	VOC	Volatile organic compounds
		y-o-y	Year-on-year
		YTD	Year-to-Date